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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF COLOMBIA

IPF:(1992-96) $11 700 000

(COL/92/001) - Modernization of the Water Supply and Sanitation Sector

Date of approval by the AC:[1/]	16 December 1992
Expected duration:	36 months
Proposed executing agency:	Government
Government implementing agency:	National Planning Department
Proposed UNDP contribution:	$ 371 600 Source of funds: IPF
Government cost sharing:	$2 997 900
Previous UNDP contribution:	$ 478 400
Total UNDP budget:	$3 847 900

Project background

Colombia has sufficient water resources to provide drinking water to its population. Yet, the existing infrastructure and institutions are not adequate to guarantee a proper level and quality of water and sewerage services. About One-third of the population does not have access to potable water and one-half mostly in medium and small-size cities and rural areas lacks access to any type of sewerage system. Despite the fact that Colombia devotes 0.4 percent of its GDP to investment in the water and sewerage sector, its service coverage rates of 66 percent and 55 percent respectively, are on average 10 percent lower than other countries with similar investment rates.

The Sectoral Plan supports the decentralization process through policies intended to enforce the local responsibility in the identification of the investment priorities and levels, reducing the participation of the Central Government, and rationalizing the local institutional structure. The financial base for this program is the concession of credits to the municipalities, complemented by non-refundable funds provided by the Central Government, as well as departmental and municipal resources.

The national strategy consists of the design of programs dedicated to the modernization of the sector, to create the new institutions and to implement the new instruments necessary to operate at the national, regional and local level. At the local level, the sector will be modernized with a set of measures related to the organization of the institutions dedicated to sector planning and management. These measures deal with the creation of mixed enterprises, (government and private capital) to manage the water and sanitation systems; the design and implementation of global contracts for the systems management, such as B.O.O.T. or B.O.T. contracts (build, own, operate and transfer; build, operate and transfer), concessions "affermage" and other contracts that allow the private sector participation in the administrative management.

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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Description of project

The development objective of the project is to assist the Government in improving the quality of water and sanitation services to reach international standards by 1994, while at the same time to restructure the sector towards more decentralized management and involvement of the private sector.

The immediate objectives of the project are to: (a) implement the institutional reform of the water and sanitation sector mandated by the Constitution through the creation of a Direction at the new Superintendency of Domiciliary Public Services and of a Vice Ministry for Water and Basic Sanitation and the Regulatory Board, both in the Ministry of Development; (b) support the municipalities to increase the national service coverage levels for water and for sewerage; (c) develop a program to improve the local administration of the water and sanitation institutions by introducing private sector participation in the management of the sector; and (d) implement a national training program.

Project activities will include: (a) design of legal and technical "models" for subcontracting of the administration of water and sewerage utilities to private sector entities; (b) operation of water and sewerage services in a number of small and medium-sized cities; (c) establishing a regulatory framework that will allow the private sector participation regulated by the regulatory commission, as well as an adequate tariff structure that will incentivate the efficient use of the services and provide investment sufficient resources for infrastructure maintenance and growth; (d) strengthening the investment system that will produce a regular flow of pre-investment and investment projects for the water and sewerage sector as well as effective project implementation at the municipal level; and (e) training 900 workers providing costume services the commercial system, as well as 2700 other people performing operative tasks.

Inputs

UNDP will provide 1.305 work-months of national consultants in the areas of environmental, training, management, informatics, projects formulation and legal assistance, and 172 work-months of administrative personnel; subcontracts for information systems, unified accounting plan for public enterprises, models and pilot programs for the private water supply systems; 120 training courses, seminars and forums with national and international participation; equipment for the new information system; publications, travel, mission, and miscellaneous costs.

The Government will provide counterpart personnel, the required office space, travel expenses, equipment and supplies.

Financial data

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Personnel	1 747 900
Subcontract	680 000
Training	1 349 700
Equipment	30 000
Miscellaneous	40 300
Total	3 847 900